Performance Audit
Performance Management

April 2005

City Auditor's Office

City of Kansas City, Missouri

April 19, 2005

Honorable Mayor and Members of the City Council:

We conducted this audit of the city's performance management system because we heard from some employees about a lack of performance expectations. They said they don't know the factors and standards by which they will be evaluated. Because setting expectations is the foundation of performance management, we looked in-depth at supervisor – employee communication to determine whether supervisors let employees know their performance expectations.

What we found in interviews of 38 employees and supervisors from five different work groups throughout the city was that employees knew what was expected of them and felt their appraisals were fair. An appeals process is in place for performance appraisals, but Human Resources does not track all appraisal appeals. In comparing employee and supervisor perceptions of performance management feedback, we identified a difference in perceived frequency and importance. Supervisors reported giving more feedback than employees reported receiving.

Performance management should be an ongoing process of regular communication between supervisors and employees; therefore, supervisors should involve employees through development of job descriptions and job expectations, having employees complete self-appraisals, and involving employees in goal setting.

The current pay system makes it difficult to reward good, non-exempt employees because there is no difference in pay raise between the average and good performer. Human Resources is negotiating with the employee union to institute a pay for performance system which would change this system. Besides monetary incentives, departments should consider how they can use non-monetary rewards to show appreciation and motivate employees.

We recommend that the Director of Human Resources provide training or make policy recommendations to the City Manager and monitor departmental implementation of:

- Involving employees in setting individual and departmental goals;
- Using non-monetary rewards that are consistent with the city's overall compensation system; and
- Emphasizing with supervisors the difference in perceptions between supervisor and employee feedback.

We also recommend that the Director of Human Resources track all employee performance appraisal appeals to identify patterns of problems and conduct employee surveys to monitor employee satisfaction with performance management.

We provided draft reports to the City Manager and Director of Human Resources on March 14, 2005 for review and comment. The City Manager's response is appended. We appreciate the courtesy and cooperation of city staff during the audit. The team for this audit was Brandon Haynes, Sue Polys, Joan Pu, and Mike Eglinski.

Mark Funkhouser
City Auditor

Performance Management

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Introduction

Objectives

Good human resource management practices are critical to an organization's success. We chose to do this audit of performance management because in our audit selection process we identified human resources as an important issue for the city. We held employee focus groups to identify audit topics and one area of employee concern was the city's current performance management system. Some employees told us about a lack of performance expectations. They said they don't know the factors and standards by which they will be evaluated. Setting expectations is the foundation of performance management. By setting performance expectations, management can communicate work priorities and measure how well employees are doing. Employees need expectations to focus their efforts. We designed this audit to answer the following questions:

- Do employees know what is expected of them?

- Do supervisors consistently communicate expectations to employees both verbally and in writing?

Scope and Methodology

We focused our audit work on 38 interviews of supervisors and their employees. We chose employees from departments representing five different types of city services which included:

- Street Maintenance, Public Works
- Marketing, Aviation
- Consumer Services, Water Services
- Neighborhood Preservation, Neighborhood and Community Services
- Engineering, Street Lights, Public Works

Our interview methodology replicated the method used by the Human Resources Department when they audited the performance management process of the City Auditor's Office in June 2003. (See Appendix A for additional explanation of our methods.) We omitted no privileged or confidential information from this report. We followed generally

accepted government auditing standards for performance audits while conducting this review.[1] Our methods included:

- Choosing five work groups to interview based on span of control, differing job class, job title, varying tenure in the job, and feedback from the Human Resources Director. (See Appendix A.)

- Developing questions to ask employees and supervisors, which get at performance management practices and asking the questions in one-on-one interviews. (See Appendices B and C for the interview questions.)

- Reviewing written job descriptions for consistency with what the employee said his/her job is and what the supervisor says the employee's job is.

- Reviewing job appraisals for at least four employees in each work group looking for supporting comments, timeliness, and problems.

- Reviewing performance appraisal appeals that have been filed in the last three years.

- Attending the Human Resources Management Academy (HRMA) performance management training.

- Reviewing performance management literature to identify criteria.

The sample of employees chosen was not a random sampling of all city employees. The responses of the employees we interviewed cannot be generalized to all city employees.

Background

Performance Management

Performance management is an ongoing communication process between employees and supervisors. Performance management encompasses more than just an annual appraisal. Supervisors should set expectations, monitor performance, and provide feedback to employees. Performance

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[1] Comptroller General of the United States, *Government Auditing Standards* (Washington, DC: U.S. Government Printing Office, 2003).

management directs and develops employee performance by identifying training and developmental needs, correcting problems, and determining raises and promotions.

Performance Appraisals

Supervisors are required to complete performance appraisals on their employees. Employees receive performance appraisals annually on their anniversary and two weeks prior to the end of their probationary period (initial and promotional) and anytime for exceptional or unsatisfactory service. Supervisors should also conduct appraisals for employees separating from the city for voluntary or involuntary reasons who have not received an appraisal within the last six months. Performance appraisal forms and performance factors are different for the exempt and non-exempt employees. Both exempt and non-exempt employees must have an overall "meets expectation" rating on the annual appraisal to be eligible for an annual raise.

The Fair Labor Standards Act (FLSA)[2] determines whether an employee is "exempt" or "nonexempt." The FLSA establishes standards for minimum wages, overtime pay, record-keeping, and child labor. According to the FLSA, some positions are exempt from minimum wage and or all or part of overtime pay. There are three typical categories of exempt job duties in the FLSA including "executive," "professional," and "administrative." As of July 2004, the city had almost 900 exempt and 3,500 non-exempt employees, excluding police and unclassified employees.

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[2] Fair Labor Standards Act of 1938 (FLSA), as amended (29 USC §201 - 219).

Findings and Recommendations

Summary

Overall, city employees we interviewed told us they understood their work expectations and thought their appraisals were fair. There are few performance appraisal appeals made to the Human Resources Department but because non-exempt employees are required to first appeal performance appraisals to their department, Human Resources does not have a record of every appeal.

In comparing employee and supervisor perceptions of performance management feedback, we identified a difference in perceived frequency and importance. Supervisors tended to think they gave more performance feedback than employees reported they received. In some instances the differences were significant. Supervisors reported giving daily performance feedback while employees said the same supervisors only gave them performance feedback a couple of times per year. Employees tended to discount casual "good job" type feedback.

Because performance management should be an ongoing process of regular communication between supervisors and employees, supervisors should involve employees through development of job descriptions and job expectations, have employees complete self-appraisals, and involve employees in goal setting.

The current pay system makes it difficult to reward good non-exempt employees because there is no difference in pay raise between the average and good performer. Human Resources is negotiating with the employee union to institute a pay for performance system. Departments should consider non-monetary rewards for employees.

Employees Know Their Job Expectations; Feel Their Appraisals Are Fair

City employees we interviewed generally knew what was expected of them and felt their appraisals were fair. Supervisors were timely in completing appraisals. There are few appraisal appeals made to the Human Resources Department, but some of the appeals start and end at the department level and are never reported to Human Resources.

Employees and Supervisors Consistent in Describing Job Duties and Expectations

Supervisors and employees described employee job duties and expectations consistently. We compared employee descriptions of their jobs, supervisor descriptions, and written job descriptions. The descriptions were generally consistent but varied in level of detail.

Employees reported reasonable expectations. Over ninety percent of the employees interviewed said their work expectations were reasonable.

What employees said:
Are your job expectations reasonable?

Yes, for the most part. Resources sometimes may not be enough to accomplish some goals.

Yes, they are reasonable. The job is challenging and rewarding.

They are usually reasonable; most are attainable.

Expectations aren't written, the expectations are part of an evolving process.

The expectations are reasonable, but I have to "work."

Yes, the expectations are reasonable if you apply yourself.

The expectations are reasonable. The standards are not bad, and sometimes I get behind, but I'm able to meet my goals.

Expectations were reasonable and perfect for what we do. With training, you can meet the expectations.

For the most part expectations are reasonable. It depends on the workload.

Employees Said Their Appraisals Were Fair

Employees we interviewed generally felt their annual appraisals were fair. Most employees sat down and discussed their annual appraisal with their supervisor, and this process encouraged a frank discussion. Supervisor training describes that the supervisor's role is to provide fair and consistent coaching and feedback to every employee.

Supervisors have accountability for their performance management duties. Most of the supervisors we talked to periodically reported to their supervisor on the performance of their supervisees. All supervisors we talked to reported that their supervisor reviewed the performance appraisals completed by the supervisor.

What employees said:
Was your evaluation fair?

Yes, it is very fair. The supervisor works with you if you have a problem.

I don't know. Overall, I did well. I did get a "1" in one category and don't know about that, but since the overall evaluation was good I didn't consider the category rating to be worth arguing about.

It was pretty fair. If you work, it shows.

The evaluation has been very reasonable. It draws from all aspects of the jobs we do.

As far as what the supervisor had to rate me on, it was fair. The rating scale (not meeting, meeting, exceeding) is limited.

The evaluations were fair, but I felt I should have received "exceeding" ratings. The evaluation form itself is unfair because of its wording. The wording is too harsh.

While most employees said their appraisals were fair, employees in one work group reported that the supervisor played favorites, lowering expectations for favored employees. The majority of interviews did not confirm previous employee focus[3] group attendees' complaints that supervisors played favorites. Focus group participants said personality and friendships with supervisors resulted in good appraisals.

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[3] The City Auditor's Office conducted five employee focus groups in September 2003.

> **Why would employee focus groups and structured one-on-one interviews provide different feedback about the city's performance management system?**
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> The City Auditor's Office conducted employee focus groups to identify issues of concern in 2003. The interviews done for this audit in fall 2004 were intended to evaluate a specific concern. We think that the focus group feedback about performance management was different than the structured individual interview feedback for several reasons, including:
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> - While both the focus groups and individual interviews discussed performance management, we were asking different questions. We asked focus group participants to draw from a much wider range of experience, while the structured interviews addressed only an employee's direct experiences with a particular individual – the person's supervisor.
>
> - The focus groups began with evaluative questions (how do you rate the city's performance management system?) then asked for descriptions or examples; while the structured interviews began with descriptive questions (tell us about your job; how do you know what you are supposed to do?); then asked evaluative questions (is your evaluation fair?). We think asking descriptive questions first (as we did in the interviews) would tend to reduce critical conclusions.
>
> - The interviews allowed for more probing and discussion of a narrower issue. The interviews also didn't cover as many topics and allowed much more time per person.
>
> - Employees we interviewed knew that we were also talking with their supervisors and, while we didn't discuss what they said, might have felt that their comments wouldn't be treated confidentially. That would tend to suppress some discussion.
>
> - We held focus groups in the fall of 2003 and asked, "what problems have you seen with the city's performance evaluation system?" This question allowed employees to provide a more historic perspective on the system. We asked participants of the structured interviews in the fall of 2004 for their current experience with performance management.

Over 60 percent of the employees interviewed thought that their appraisal gave them an idea of work expectations for the following year. Some employees suggested that it would be helpful if supervisors could communicate what they expect through updated written job expectations, more frequent in-person meetings, and better training. The majority said they did not need anything additional to help them know what their supervisor expects.

Supervisors Complete Most Appraisals on Time

We reviewed a sample of personnel files and found supervisors generally completed appraisals very close to their due date. The current system requires supervisors to submit an employee rating to Human Resources before a raise is given. This provides incentive for supervisors to complete the appraisal on time.

Human Resources Does Not Track Performance Appeals Made To Department Directors

Appeal numbers provided by Human Resources only include the performance appraisal appeals made to Human Resources. Human Resources does not track appeals that stop at the department director level. Employees represented by Local 500 are required to appeal performance appraisals to their department first. If the employee is not satisfied with the department's hearing results, then they can appeal it to Human Resources. Employees who are not members of Local 500 appeal their performance appraisals directly to Human Resources.

All city employees are required to have an annual performance appraisal. By the end of 2004, Human Resources received only 23 performance appraisal appeals. The two previous years also had few appeals with 16 in 2003 and 15 in 2002. (See Exhibit 1.)

Exhibit 1. Performance Appraisal Appeals Reported to Human Resources

	2002	2003	2004
Ratings overturned	8	8	2
Ratings upheld	1	2	5
Ratings modified[4]	0	0	2
Withdrawn/cancelled	6	6	8
Appeals not yet resolved	0	0	6
Total number of appeals	15	16	23

Source: Human Resources Department.

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[4] Some of the ratings have been modified on the appraisal but the entire appraisal has not been overturned.

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Over 80 percent of the employees we talked to knew that there is an appeal process for performance appraisals.

Human Resources should begin to track all performance management appeals including those appeals made to department directors and resolved at that level. Tracking all of the appeals will allow Human Resources to identify patterns of problems with the performance management system including common causes for management ratings being overturned.

City Trains Supervisors to Set Expectations and Give Feedback

The city's Human Resources Management Academy (HRMA) trains supervisors to set performance expectations; monitor performance of employees and provide feedback; and evaluate performance of employees.

The HRMA establishes a consistent performance management process. The HRMA training helps ensure that supervisors are on the same page. Training emphasizes ongoing communication between supervisors and employees. The training includes methods for setting performance expectations, observing and documenting performance, and conducting appraisal meetings, as well as procedures for using a special rating period.

Human Resources Management Academy

The Human Resources Department developed the Human Resources Management Academy and began training senior-level managers in November 1999. There are six classes required to receive a certificate of completion in the Human Resources Management Academy. The classes focus on developing core supervisory skills among all managers and supervisors, from those on the front line to upper management. The classes are designed to provide supervisors with knowledge of current Human Resources policies, procedures, and practices. The academy also provides additional seminars. In June 2000, the International Personnel Management Association presented its Best Practices Award to the Human Resources Department for development of the Human Resources Management Academy.

Most supervisors have been through HRMA training. Over 1,200 city supervisors have participated in the Human Resources Management Academy and over 80 percent have completed the performance

management module. Before implementing KC Crew,[5] the city had no centralized record of city supervisors. KC Crew should allow Human Resources to identify all supervisors and ensure they have had training.

Supervisors suggested more training. All of the supervisors we interviewed had gone through the HRMA training on performance management. Some supervisors suggested more training including refresher courses, motivating good employees, communicating with employees, and the Memorandum of Understanding (MOU).[6]

Supervisors Reported Providing More Feedback Than Employees Reported Receiving

Some of the supervisors we interviewed described giving more performance feedback than their employees reported receiving. Supervisors also reported providing frequent direction. Many employees said they did not get or need frequent direction. Regular feedback should improve employee performance and provide managers with justification for future actions.

Supervisors Told Us They Provide More Performance Feedback Than Employees Felt They Received

We interviewed supervisors in five work groups and in three of those units supervisors described providing more feedback than employees perceived they were receiving. In two of those groups, the difference was significant. In the interviews, we defined performance feedback as the supervisor addressing "how well you are doing." The supervisors indicated providing daily or weekly performance feedback while the employees reported only receiving performance feedback annually or a few times a year. Some employees acknowledged that their supervisor informally tells them "good job" but they didn't consider that performance feedback.

Supervisors need to be aware that employees do not necessarily perceive informal communications as feedback they should use to improve performance. Supervisors should emphasize whether the feedback requires employees to make changes to how they do their job.

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[5] KC CREW is an integrated software system designed to automate the business processes of financial, payroll, human resources, projects and grants and more into one shared system.

[6] MOU is a document that governs the relationship between the City of Kansas City, Missouri, and Local 500, American Federation of State, County, and Municipal Employees (AFSCME). It establishes procedures for the resolution of differences, and the establishment of rates of pay, hours of work, and other conditions of employment.

Supervisors Told Us They Provide More Direction Than Some Employees Felt They Received

In two of the five work groups we interviewed, supervisors reported providing more direction than employees reported perceiving. Our interviews distinguished between performance feedback and direction. We stated that direction from the supervisor was to "talk about or assign duties." In some instances, the supervisor and employee differences were large. One supervisor thought he provided daily direction while employees said he provided it only monthly or occasionally. Some employees in three of the work groups said they didn't need direction because they knew what needed to be done.

Regular Feedback Helps Improve Performance and Correct Problems

Performance expectations provide a means to communicate priorities and measure how well employees perform. If priorities change, regular communication provides an opportunity to adjust expectations. Performance feedback can also improve productivity by providing constructive feedback and by identifying training and development needs.

Supervisors should regularly communicate performance feedback with their employees. Because employees and supervisors differ on perception of the frequency and importance of performance feedback and direction, it is important for supervisors to clearly communicate expectations and desired behavior changes.

Supervisors Should Involve Employees in Performance Management

To enhance communication supervisors can involve employees in the performance management process through developing job descriptions and expectations, having employees complete self-appraisals, and involving them in goal setting. Performance management is an ongoing process of regular communication between supervisors and employees.

Supervisors Should Involve Employees in Developing Job Descriptions and Expectations

Involving the employee in the process of writing the job description will increase accuracy and involving the employee in development of expectations will foster a greater ownership. Human Resources training encourages participation of employees in developing performance expectations and job descriptions.

Some of the employees we interviewed have both current written expectations and current, tailored, job descriptions. However, some employees described written expectations that the supervisor was not aware of, no written job expectations, outdated job descriptions, or descriptions that were simply the job specifications provided by Human Resources.

Supervisor responsibilities include ensuring that employee have up-to-date, accurate job descriptions and understand their responsibilities. Supervisors are also responsible for meeting with each employee to reach a mutual understanding of job expectations.

Employees Can Complete Self-appraisals

Completing self-appraisals helps the employees prepare to discuss their performance and remind the supervisor of their accomplishments during the year. When an employee completes a self-appraisal and provides it to the supervisor, it allows the supervisor to determine whether they are in sync with the employee's assessment of performance or if there is a gap in perception or communication.

Employees in one work unit we interviewed consistently complete self-appraisals as part of the performance appraisal process.

Supervisors Should Involve Employees in Developing Departmental Goals

Employee expectations and goals should support the organization in meeting its goals. Involving employees in setting departmental goals will help individuals understand the connection between their daily activities and their organization's success.

Most employees in the work units had a general sense of what their department or divisions goals were. In some work units, employees help set department or division goals. Those employees and work units that participate in department goal setting are encouraged to do so through suggestion boxes, staff meetings, employee committees, team atmosphere, verbal encouragement, and individual meetings with supervisors.

Employees not participating in department or division goal setting stated that they were too busy performing the specific tasks involved in their job or that management had never engaged them in a discussion about goals.

Pay Scale for Non-Exempt Makes It Hard to Reward Good Employees

All non-exempt employees who receive a rating of "meets expectations" and "exceeds expectations" receive the same raise. Human Resources is negotiating with the employee union to institute a pay for performance system. In addition to financial incentives, departments should consider non-monetary rewards for employees.

Same Raise Given to Employees Meeting and Exceeding Expectations

While Human Resources has intentionally set up the non-exempt scoring process to make it difficult to receive a rating of "exceeds expectations," receiving that rating does not increase the percentage pay increase. Non-exempt employees receive a one-step increase in their pay grade as long as they get a "meets expectations" rating. Non-exempt employees that receive an "exceeds expectations" rating receive the same one-step increase.

Although the higher rating doesn't result in an automatically higher pay, the ratings can be used when managers decide which of their employees will receive an exceptional service award,[7] which does increase pay. Performance appraisal ratings can also be considered in promotions and provide intrinsic motivation to employees.

In contrast to the non-exempt pay rate system, exempt employees who receive at least an overall appraisal rating of "meets expectations" receive a one-, two-, or three-step increase within their pay grade depending upon their performance.

Pay for Performance System May Be Implemented

Human Resources has discussed instituting a pay for performance system with Local 500, American Federation of State, County, and Municipal Employees (AFSCME) and reports being close to an agreement with the union to implement this system. Pay for performance can offer an incentive to employees to perform better by rewarding them with higher pay. Some employees we talked to thought pay should be linked more to performance. One non-exempt employee said since the appraisal is not tied to their raise, it doesn't provide any incentive. He feels like they are

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[7] Additional pay increases of one step within the pay grade may be granted to recognize exceptional service rendered by employees considered non-exempt under FLSA and employees in fire management. Exceptional service awards are limited by fiscal year to five percent of eligible employees in a department or one employee in departments with less than 10 employees covered by FLSA.

just going through the motions. Another employee said, "Why do more if you can do less and get the same raise?" One supervisor said that the non-exempt appraisals are not fair because a mediocre employee receives the same raise as a good one.

Some Work Units Have Non-monetary Ways to Reward Employees

About seventy percent of the employees we interviewed said that their department used rewards including non-monetary ones to motivate employees. Non-monetary rewards described by employees included gift certificates for strong performers, lunches or snacks brought in, thank you cards and emails, certificates of achievement, time off, an employee of the month recognition, verbal encouragement, and compliment letters from the public read aloud at staff meetings.

Some interviewees said their department or work unit did not provide rewards as a form of motivation. One employee said, "The only reward you get is your hourly wage." Another employee said, "Employees do not know how well they are appreciated." Lack of appreciation was expressed by an employee who said, "Everybody gets a rating every year. Supervisors are required to do that. It just doesn't mean that much."

Departments should consider rewards, including non-monetary ones to show employees appreciation and provide motivation.

Recommendations

1. The Director of Human Resources should provide employee training or make policy recommendations to the City Manager and monitor departmental implementation of the following:

   - Involving employees in setting individual and departmental goals.
   - Emphasizing with supervisors the difference in perceptions between supervisor and employee feedback.
   - Using non-monetary rewards that are consistent with the city's overall compensation system.

2. The Director of Human Resources should track departmental employee performance appraisal appeals as well as appeals to Human Resources to identify patterns of problems.

3. The Director of Human Resources should conduct employee surveys to monitor employee satisfaction with performance management.

Appendix A

Interview and Analysis Methodology

Interview Methodology

We performed structured interviews of five work units – a total of 38 city employees. The Director of Human Resources had input into the work units we chose. We picked city work groups with a variety of functions including administrative, customer service, and technical. The groups chosen also represented employees that primarily work in the field.

Our methodology for auditing performance management mirrored the method Human Resources used to audit the City Auditor's Office performance management system in June 2003. Structured interviews were conducted with most of the City Auditor's staff. Human Resources management analyzed the trends in responses. Human Resources also reviewed documents and job aids related to the City Auditor's Office performance management. Human Resources presented the City Auditor with recommendations on the office's performance management process.

We met individually with employees and supervisors in the five work groups. We asked employees that did not do any supervising one set of questions about their experience receiving performance feedback from their supervisor. We asked supervisors about their experience providing performance feedback to their supervisees. We identified supervisors by asking at the beginning of the interview whether the person supervised anyone. We asked some additional questions about departmental goals, how employees are encouraged to participate in setting division goals, and rewards to motivate employees. (See Appendices B and C for the questions.) The interviews took about an hour each.

The work groups we interviewed were from the following areas:

Aviation: We interviewed employees in the Marketing division, consisting of seven people. Three of the positions are supervisory.

Public Works, Engineering: We interviewed employees in the Street Lights division consisting of seven employees. Three of the positions are supervisory.

Neighborhood and Community Services Department, Neighborhood Preservation: We interviewed nine employees in Code Enforcement. Two of the positions are supervisory.

Water Services, Consumer Services: We interviewed five customer service representatives and two supervisors.

Public Works, Street Maintenance: We interviewed six employees of a work crew in District 2 as well as the general supervisor and the area superintendent.

Interview Analysis

Because of the nature of the questions, we did three types of analysis.

(1) Some of the questions provided comparison between employee and supervisor experience/perception

of job duties and performance expectations, frequency of feedback and direction, and written job descriptions and written expectations.

(2) Some of the questions required a Yes or No response so we tallied answers.

(3) Some of the questions were open-ended so we summarized responses.

How we compared supervisor and employee answers

We compared answers given by the employee and the supervisor to see whether they agreed on their understanding of job and job expectations, frequency of communication, and written job descriptions and expectations given to the employee. We talked to up to three layers within a work group. Because we looked at more than two organizational layers, we compared a supervisor's answers to their supervisor.

Comparison of Job Duties and Performance Expectations:
We determined which questions asked of the employees related to the employee's description of their job and performance expectations. We compared employee's perception with supervisor. We also compared responses to written job descriptions. We looked to see if supervisor and employee have similar understandings of what the job involves and of performance expectations. We described differences.

Comparison of Frequency of Feedback and Direction
We determined which questions asked of employees and supervisors related to the frequency of feedback and directions. We described differences between the employee and supervisor's description of the communication frequency.

Comparison of Written Expectations and Job Descriptions
We determined which questions asked of employees and supervisors related to written expectations and job descriptions. We also compared answers to written job descriptions. We described differences between the employee's and supervisor's description of the written expectations and job descriptions.

Appendix B

Employee Interview Questions

1. Do you supervise anyone? Do you do anyone's performance evaluation?

2. Tell me about your job and responsibilities.

3. How do you know that is what you are supposed to do?

4. Are the expectations reasonable, i.e., are you able to meet those expectations?

5. Who is your supervisor? Is that who does your evaluation?

6. Do you sit down and go over your evaluation with your supervisor?

7. Do you believe that the current performance appraisal process encourages a frank discussion between you and the supervisor?

8. Do you do a self-evaluation?

9. Do you believe the appraisal system gives each employee an idea of what is expected of him/her next year?

10. Do you know what your department's goals are? What are they?

11. How is employee participation encouraged in developing your work group's goals?

12. Does your supervisor inspect your work? Are they on the job site with you?

13. Is your supervisor's evaluation fair?

14. Do you know there is an appeals process?

15. How often do you talk to your supervisor about your performance (how well you are doing)?

16. How often does your supervisor give you direction about what you need to be doing (talk about or assign job duties)?

17. Do you have written documentation of your work expectations?

18. Do you have a written job description that is up to date?

19. What would help you know what your supervisor expects of you?

20. Does the department use rewards, including non-financial ones, to motivate people?

21. What concerns, problems, or suggestions do you have with the current performance management process? Your suggestions or observations don't have to be from personal experience. They can be based on your observations of the department.

Appendix C

Supervisor Interview Questions

General Introduction: We will be asking both about your communication with your supervisor and the communication between you and your employees. Some of the questions may make you feel on the spot, but we are interested in how performance management is really done in the city.

1. Tell me about your job and responsibilities.

2. Who is your supervisor? Is that who does your evaluation?

3. What are the performance expectations for your job? Are they reasonable? Do you have written expectations?

4. How often do you talk to your supervisor about your performance (how well you are doing)? Do you sit down and go over your evaluation annually?

5. Whom do you supervise? Do you do their evaluations? Are they exempt or non-exempt?

6. What performance expectations do you have for XXX in his/her job (ask about each employee whom they supervise)?

7. Have you established written expectations? Do you share those with your employees?

8. Have you given your employee a written job description?

9. How often do you provide performance feedback (how well they are doing – good or bad) to supervisees?

10. How often do you provide direction (assign duties, discuss methods for completing duties, etc.)?

11. Do you believe the appraisal system gives each employee an idea of what is expected of him/her next year?

12. How is employee participation encouraged in developing your work group's goals?

13. Do you believe that the current performance appraisal process encourages a frank discussion between supervisor and employee?

14. Does the appraisal process provide for self-review and reflection?

15. Do you keep notes on employee performance? How often?

16. Does the second line supervisor review the ratings you give?

17. How do you handle an employee who is not meeting expectations?

18. Do you periodically report to your supervisor on performance of your supervisees?

19. Are you aware of the appeals process for performance management?

20. Does the department use rewards, including non-financial ones, to motivate people?

21. Where does performance management fall in the priorities of your job? How much time do you spend doing performance management?

22. Do you have a performance management manual?

23. Did you attend the Human Resources Management Academy, performance management training? What type of additional training would be helpful?

24. What problems/concerns do you have about the current performance management system?

Appendix D

Handout for Interview Participants

Handout for Performance Management Interviewees

What are we doing?
We are doing an audit of the city's performance management process. By performance management, we mean performance evaluations and all the contact you have with your supervisor about your performance. As part of that, we are interviewing both employees and their supervisors from work groups in four city departments (Neighborhood and Community Services, Aviation, Water Services, and Public Works). We want to know whether employees know what their performance expectations are and how supervisors are communicating with their employees about performance.

How was your group chosen?
We tried to pick city work groups with varying job responsibilities. Some of the groups have office jobs, some work with the public, and some have technical positions. We don't know anything at this point about how your group works. We haven't heard anything good or bad.

Why are we doing an audit of performance management?
We are doing an audit of this topic because when we did focus groups with city employees last fall, employees had a lot of concerns or problems with the current system. Also, the city spends a lot of its budget on personnel.

What will the interview be like?
We have a series of questions to ask you. It will take about an hour to ask you the questions and take notes.

What will we do with the information you give us? Is it confidential?
We will use what you say and what other employees say and look for patterns of problems, causes, and consequences. We won't share what you say directly with your co-workers or your supervisor. The audit team from our office may review your individual responses. Your responses go in our work papers, which no one outside of our office has access to unless subpoenaed by the courts, which is very rare. We will not identify you individually in our report. We will state in our report which organizational units we interviewed.

How do we report what we find?
We do a written report to the Mayor and City Council describing what we found out from talking to employees and their supervisors. We will also make recommendations to the City Manager or your department head, based on our audit work, about how to improve the current system.

Who can you contact after the interview if you have questions?
You can contact the City Auditor, Mark Funkhouser, 513-3306, or anyone on the audit team including:
> Michael Eglinski, 513-3303,
> Brandon Haynes, 513-3310
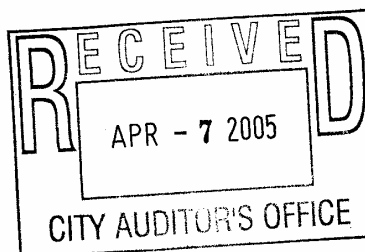> Sue Polys, 513-3308, or
> Joan Pu, 513-3315

Appendix E

Director of Human Resource's Response

Inter-Departmental Communication

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APR - 7 2005
CITY AUDITOR'S OFFICE

DATE: Thursday, April 7, 2005

TO: Mark Funkhouser, City Auditor

FROM: Gary O'Bannon, Director, Human Resources

SUBJECT: Response to Performance Management Audit

Please accept the Department of Human Resources response to the March 2005 *Performance Audit on Performance Management*. The recommendations, as listed on page 16 of the document, are repeated here along with our statement of full agreement with your recommendations. On behalf of Human Resources, I would like to express my appreciation for the time and effort of your staff in coordinating and preparing this report.

1. The Director of Human Resources should provide employee training or make policy recommendations to the City Manager and monitor departmental implementation of the following:

    *   Involving employees in setting individual and departmental goals.
    *   Emphasizing with supervisors the difference in perceptions between supervisor and employee feedback.
    *   Using non-monetary rewards that are consistent with the city's overall compensation system.

Response: The Department of Human Resources concurs with this full recommendation and we expect to fully implement the above this calendar year.

2. The Director of Human Resources should track departmental employee performance appraisal appeals as well as appeals to Human Resources to identify patterns of problems.

Response: The Department of Human Resources concurs with this full recommendation and we expect to implement this recommendation May 1, 2005.

3. The Director of Human Resources should conduct employee surveys to monitor employee satisfaction with performance management.

Response: The Department of Human Resources concurs with this recommendation and will make arrangements to produce and distribute such a survey on either an annual or bi-annual basis.

C: Wayne A. Cauthen, City Manager